

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6721

BILL NUMBER: SB 325

DATE PREPARED: Dec 20, 1998

BILL AMENDED:

SUBJECT: Group self-insurance.

FISCAL ANALYST: Brian Tabor

PHONE NUMBER: 233-9456

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that an employer may join a worker's compensation self-insurance group consisting of at least 11 employers that have associated for the purpose of pooling their liabilities under the worker's compensation law and the worker's occupational diseases compensation law. It also establishes the Group Guaranty Fund to meet the obligations of defaulting worker's compensation self-insurance groups.

Effective Date: July 1, 1999.

Explanation of State Expenditures: This bill requires the Worker's Compensation Board to oversee worker's compensation self-insurance groups. This proposal will increase the Board's expenditures. As the Board does not currently have any employees with experience or expertise in this area, it is expected that the hiring of a PAT III level employee would be necessary to oversee these groups. The total cost of this position would be \$37,206 in FY 2000 and \$36,881 in FY 2001 (including salary, benefits, and overhead).

The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. As of November 30, 1998, the Worker's Compensation Board had 49 total authorized positions and 5 vacancies. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Depending on the volume of applications, the Board may also have to hire additional clerical staff. Administrative expenses of the Board are paid out of the Worker's Compensation Supplemental Administrative Fund.

Explanation of State Revenues: This bill requires a self-insurance group to pay a \$2,000 initial application fee and a \$1,000 renewal fee. Revenue from these fees would be deposited in the Worker's Compensation Supplemental Administrative Fund. It is not known how many self-insurance groups will be formed.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Worker's Compensation Board.

Local Agencies Affected:

Information Sources: Katrina Klingerman, Policy Analyst, Worker's Compensation Board, (317) 233-3384.